



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

March 31, 2006

The Honorable Henry A. Waxman
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Waxman:

Thank you for your letter to the President regarding the acquisition of the Peninsular and Oriental Steam Navigation Co. ("P&O") by DP World. The President and I appreciate hearing your concerns about the transaction and its review by the Committee on Foreign Investment in the United States ("CFIUS").

The Exon-Florio amendment of the Defense Production Act of 1950 authorizes the President to investigate mergers, acquisitions and takeovers of U.S. companies by foreign companies. Through Executive Order, the President delegated this authority to CFIUS. CFIUS is responsible for conducting reviews of individual transactions to determine whether a foreign acquisition of a U.S. company might threaten national security.

CFIUS is made up of the Departments of the Treasury, State, Defense, Justice, Commerce, and Homeland Security, the National Economic Council, the National Security Council, the U.S. Trade Representative, the Office of Management and Budget, the Council of Economic Advisors and the Office of Science and Technology. The Secretary of the Treasury is the chair of the Committee. Additional agencies with security expertise, such as the Departments of Energy and Transportation, are often asked to participate in CFIUS reviews when a transaction raises issues in their area of expertise. Transportation and Energy participated in the review of the proposed acquisition of P&O. CFIUS obtains input from the U. S. Intelligence Community in all CFIUS reviews.

When an acquisition is before CFIUS, each member of the committee conducts a thorough review of the transaction. National security is paramount. The review of the proposed acquisition of P&O was conducted with the same emphasis on protecting national security.

As you probably know, on March 15, 2006, DP World announced it would sell P&O Ports North America to a U.S. company. CFIUS and its member agencies will monitor closely the actions of DP World as it moves to complete the plans it has announced.

Again, the President and I thank you for your interest in this matter.

Sincerely,

John W. Snow